Australia-China Policy Dialogue on Steel Decarbonisation Track 2

Chairs' Summary

11 November 2026

The inaugural Australia-China Policy Dialogue on Steel Decarbonisation took place in Canberra on 2 November 2026. It included a "Track 2" gathering of non-government participants, in parallel to the government-to-government talks. The Track 2 was co-convened by the Australian National University and Tsinghua University, in collaboration with the two governments. The discussions included 28 participants from both countries, of which 13 from industry and associations, 10 from universities and research institutes, and 5 from think tanks.

This summary was prepared by the co-chairs of the Dialogue's Track 2, Prof Frank Jotzo of the ANU Centre for Climate and Energy Policy and Prof Zhang Xiliang of the Tsinghua Institute for Energy, Environment and Economy. The summary represents key themes raised by participants at the Dialogue. There was broad agreement on a wide range of aspects, nevertheless this Chairs' summary does not aim to represent a consensus of the meeting.

Context and goals

Decarbonising iron and steel production is necessary for long-term effective global climate change action. The Australia-China steel material supply chain is the world's largest. Putting it on a low emissions footing will help materially with global climate change efforts and offers large economic opportunities. Neither Australia nor China can do this without the other, and the world's steel sector cannot effectively decarbonise without China and Australia.

There are strong common interests and complementarities between the two countries. Decarbonising of the Australia-China steel supply chain offers opportunities for sustained economic prosperity through industrial investment and modernisation, and to further the long-term bilateral linkages in trade and investment. It is in line with the two nation's respective Nationally Determined Contributions to the Paris Agreement. It will support the respective national goals and visions of harnessing Australia's abundant renewable energy potential for new green export industries, and China's goals for industrial carbon peaking and green industrialisation.

Key points and forward agenda

Participants of the Track 2 convening recognised opportunities from future steel supply chain decarbonisation and identified challenges and possible ways to address them. The discussions identified steps that could be taken collaboratively. These include:

- ***Better understand opportunities, barriers and enablers.*** Shared in-depth understanding should be created about what could be achieved, and what would need to be done to achieve it. Bilateral exchanges can harness the existing expertise among industry and the research sector in the two countries, informing the governments and inspiring private sector collaborations.

- ***Create a shared long-term outlook*** to a decarbonised bilateral steel sector, as a roadmap that helps identify actions that would need to be taken in the near to medium term.

- ***Further research on technologies for decarbonisation*** of iron production, steel production and iron ore mining and processing/upgrading.

- ***Agree standards*** for decarbonised steel that are common and interoperable between the two countries, and ideally more broadly.

- ***Investigate market and policy options*** to reduce the cost gap for decarbonised steel, and create understanding of how the costs and benefits of moving to a green steel supply chain can be shared between the two countries. This may include reducing financing costs and de-risking investments, incentives through carbon pricing with open trade, and creating demand for green steel.

- ***Establish a new common institutional framework***, including to clarify investment frameworks for the steel supply chain in Australia.

- ***Work towards flagship projects*** that produce and use green iron and steel in shared arrangements between China and Australia, with options mapped out in a high-trust group comprising of governments, industry and selected other organisations.

Next steps

Participants agreed that the bilateral Steel Decarbonisation Policy Dialogue is promising and will welcome its continuation. Participants see the Track 2 deliberations as fruitful and stand ready to engage in the lead-up to the next Dialogue.

A Track 2 work program for 2027 may include dedicated analysis on ***technology towards commercialisation; standards and emissions accounting;*** and ***markets, supply chain options and policy support***.

Analysis would reflect the key areas outlined above but not be limited to them. Work can be undertaken in partnership between industry, academia and other organisations, leveraging the significant capabilities that exist at universities and other non-government organisations. Insights from the work streams can inform the next iteration of the bilateral Dialogue and help inform the two governments.

Prof Frank Jotzo

Centre for Climate and Energy Policy
The Australian National University

Prof Zhang Xiliang

Institute for Energy, Environment and Economy
Tsinghua University